

**RECORDING REQUESTED BY
THE CITY OF SAN JOSE, CALIFORNIA
AND WHEN RECORDED RETURN TO:**

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Paul Thimmig

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and among the

**CITY OF SAN JOSE, CALIFORNIA,
WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Fiscal Agent**

and

**EDEN CAMBRIAN, L.P.,
a California limited partnership**

dated as of September 1, 2014

relating to:

**\$19,034,500
City of San José, California
Multifamily Housing Revenue Note
(Cambrian Center) Series 2014 A-1**

**\$ _____
City of San José, California
Multifamily Housing Revenue Note
(Cambrian Center) Taxable Series 2014 A-3**

**\$19,034,500
City of San José, California
Multifamily Housing Revenue Note
(Cambrian Center) Series 2014 A-2**

**\$ _____
City of San José, California
Multifamily Housing Revenue Note
(Cambrian Center) Taxable Series 2014 A-4**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Regulatory Agreement") is made and entered into as of September 1, 2014, by and among the CITY OF SAN JOSE, CALIFORNIA, a municipal corporation and charter city organized and existing under its Charter and the laws of the State of California (together with any successor to its rights, duties and obligations, the "Governmental Lender"), WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as fiscal agent under the Funding Loan Agreement referred to in the Recitals below (together with any successor thereto as such fiscal agent, the "Fiscal Agent"), and EDEN CAMBRIAN, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the "Borrower").

RECITALS:

WHEREAS, the Governmental Lender proposes to execute and deliver its City of San José, California Multifamily Housing Revenue Note (Cambrian Center) Series 2014 A-1 and its City of San José, California Multifamily Housing Revenue Note, Series 2014 A-2 (collectively, the "Tax-Exempt Governmental Lender Notes"), as well as its City of San José, California Multifamily Housing Revenue Note, Taxable Series 2014 A-3 and its City of San José, California Multifamily Housing Revenue Note, Taxable Series 2014 A-4 (collectively with the Tax-Exempt Governmental Lender Notes, the "Governmental Lender Notes"), all in an aggregate principal amount not to exceed \$_____, pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended (the "Act"), evidencing an indebtedness of the Governmental Lender (the "Funding Loan") under a Funding Loan Agreement, dated as of September 1, 2014 (as supplemented and amended from time to time, the "Funding Loan Agreement"), among the Governmental Lender, Citibank, N.A., as a Funding Lender and Bank of America, N.A., as a Funding Lender (collectively, the "Funding Lenders"), and the Fiscal Agent; and

WHEREAS, the proceeds of the Funding Loan made to the Governmental Lender by the Funding Lenders pursuant to the Funding Loan Agreement will be used by the Governmental Lender to make a loan to the Borrower pursuant to the Borrower Loan Agreement, dated as of September 1, 2014 (as supplemented and amended from time to time, the "Borrower Loan Agreement"), between the Governmental Lender and the Borrower, in order to enable the Borrower to finance the acquisition and rehabilitation of a 153-unit residential rental housing project known as Cambrian Center and located on the real property described in Exhibit A hereto (as further described herein, the "Project"); and

WHEREAS, in order to assure the Governmental Lender and the owners of the Tax-Exempt Governmental Lender Notes that interest on the Tax-Exempt Governmental Lender

Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), to satisfy the public purposes for which the Governmental Lender Notes are authorized to be executed and delivered under the Act, and to satisfy the purposes of the Governmental Lender in determining to execute and deliver the Governmental Lender Notes, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the issuance of the Governmental Lender Notes by the Governmental Lender and the mutual covenants and undertakings set forth herein, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the Governmental Lender, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation [tc "Section 1. Definitions and Interpretation" \1 2]. Unless the context otherwise requires, the capitalized terms used in this Regulatory Agreement have the respective meanings assigned to them in the recitals hereto, in this Section 1, in the Funding Loan Agreement or in the Borrower Loan Agreement.

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in the Code as of the Closing Date.

"Administrator" means the Governmental Lender or any administrator or program monitor appointed by the Governmental Lender to administer this Regulatory Agreement, and any successor so appointed.

"Annual City Fee" has the meaning given such term in Section 7(a) of this Regulatory Agreement.

"Area" means the San José Primary Metropolitan Statistical Area.

"CDLAC" means the California Debt Limit Allocation Committee or its successors.

"CDLAC Conditions" has the meaning given such term in Section 7(i).

"Certificate of Continuing Program Compliance" means the Certificate to be filed by the Borrower with the Governmental Lender, the Administrator (if other than the Governmental Lender) and the Fiscal Agent pursuant to Section 4(f) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other form as may be provided by the Governmental Lender to the Borrower.

"Closing Date" means September __, 2014, being the date that the initial Funding Loan proceeds are disbursed under the Funding Loan Agreement.

"Completion Certificate" means the certificate of completion of the acquisition and rehabilitation of the Project required to be delivered to the Governmental Lender and the Fiscal Agent by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached hereto as Exhibit D.

"Completion Date" means the date of the completion of the acquisition and rehabilitation of the Project, as that date shall be certified as provided in Section 2(i).

"Housing Act" means the United States Housing Act of 1937, as amended, or its successor.

"HUD" means the United States Department of Housing and Urban Development.

"Income Certification" means a Verification of Income and an Occupancy Certificate in the form attached as Exhibit B hereto or in such other form as may be provided by the Governmental Lender to the Borrower.

"Inducement Date" means September 9, 2014, being the date on which the Governmental Lender adopted its Resolution No. ____, expressing its approval of the Funding Loan to finance the Development.

"Investor Limited Partner" means _____, and its successors and assigns.

"Low Income Tenant" means any tenant (a) whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income shall not be greater than sixty percent (60%) of median gross income for the Area, with adjustments for family size, and (b) whose income does not exceed sixty percent (60%) or less of area median income (as used in this clause (b), "income" and "area median income" have the meanings specified in, and shall be determined in accordance with the provisions of, subsection (d) of Section 142 of the Code). If all the occupants of a unit are students (as defined under Section 151(e)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants. The determination of a tenant's status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such tenant, on the basis of an Income Certification executed by the tenant, and annually thereafter.

"Low Income Units" means the units in the Project required to be rented, or held available for occupancy, by Low Income Tenants pursuant to Sections 4(a) and 6(a) of this Regulatory Agreement.

"Project" means the 153-unit residential rental housing development known as Cambrian Center and located on the real property described in Exhibit A hereto, and consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as may at any time exist, the acquisition and rehabilitation of which facilities is to be

financed, in whole or in part, from the proceeds of the Governmental Lender Notes, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“Qualified Project Period” means the period beginning on the Closing Date, and ending on the later of the following:

(a) the date fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied following the Completion Date;

(b) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding; or

(c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;

provided that, unless otherwise amended or modified in accordance with the terms hereof, the Qualified Project Period for purposes of this Regulatory Agreement shall be 55 years from the Closing Date, as required by the CDLAC Conditions.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Governmental Lender Notes, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

“Verification of Income” means a Verification of Income in the form attached as Exhibit B hereto or in such other form as may be provided by the Governmental Lender to the Borrower.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Borrower{tc "Section 2. Representations, Covenants and Warranties of the Borrower" \1 2}. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The statements and representations made by or on behalf of the Borrower in the various certificates (including, but not limited to, the Tax Certificate) delivered by the Borrower to the Governmental Lender on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Borrower Loan to be applied in a manner contrary to the requirements of the Borrower Loan Agreement or this Regulatory Agreement.

(c) The Borrower will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Governmental Lender Notes, or the exemption from California personal income taxation of the interest on the Governmental Lender Notes and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Governmental Lender Notes.

(e) The acquisition by the Borrower of the Project and the commencement of the rehabilitation of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend

proceeds of the Borrower Loan pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Tax-Exempt Governmental Lender Notes.

(f) The Borrower will proceed with due diligence to complete the acquisition and rehabilitation of the Project and the full expenditure of the proceeds of the Borrower Loan. The Borrower reasonably expects to complete the acquisition and rehabilitation of the Project and to expend the full amount of the Borrower Loan for costs of the Project by _____, 20__.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Borrower Loan have been accurately set forth in a certificate of the Borrower delivered on the Closing Date. At all times, the aggregate disbursements of the proceeds of the Borrower Loan attributable to the Tax-Exempt Governmental Lender Notes will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-seven percent (97%) or more of such disbursements, and less than twenty-five percent (25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) No proceeds of the Funding Loan will be used to finance the acquisition or construction of any portion of the Project to be used, or available for use, for retail commercial purposes.

(i) On or as soon as practicable after the Completion Date, the Borrower will submit to the Governmental Lender and the Fiscal Agent a duly executed and completed Completion Certificate.

(j) Money on deposit in any fund or account in connection with any of the Governmental Lender Notes, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause either series of the Tax-Exempt Governmental Lender Notes to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent each series of the Tax-Exempt Governmental Lender Notes from being an "arbitrage bond" under the Code.

(k) The Borrower acknowledges that the Governmental Lender may appoint an Administrator other than the Governmental Lender to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Governmental Lender or the Administrator to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender.

(l) No proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Governmental Lender Notes will be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in the Code) with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Governmental Lender Notes; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Governmental Lender Notes.

(m) The Borrower hereby represents and warrants that the Project is located entirely within the City of San José, California.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Governmental Lender Notes to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to execute and deliver the Governmental Lender Notes in order to provide funds to assist the Borrower in acquiring and rehabilitating the Project.

(o) The Borrower will comply with all applicable requirements of Section 65863.10 of the California Government Code pertaining to the Project, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code pertaining to the Project.

(p) All of the proceeds of the Borrower Loan and earnings from the investment of such proceeds will be used to pay costs of the Project; and no more than two percent (2%) of the proceeds of the Borrower Loan funded with proceeds of the Tax-Exempt Governmental Lender Notes will be used to pay issuance costs of the Tax-Exempt Governmental Lender Notes, within the meaning of Section 147(g) of the Code.

(q) The Borrower will file the annual certification required by Section 142(d)(7) of the Code with the Internal Revenue Service, and will provide a copy thereof to the Administrator and the Fiscal Agent.

(r) No portion of the proceeds of the Borrower Loan funded with proceeds of the Tax-Exempt Governmental Lender Notes will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Borrower Loan funded with proceeds of the Tax-Exempt Governmental Lender Notes will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(s) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Governmental Lender Notes does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the proceeds of the Tax-Exempt Governmental Lender Notes.

(t) The Borrower shall pay all of the costs of the incurrence of the Funding Loan, including the fees payable to the Governmental Lender on the Closing Date pursuant to Section 7(a).

(u) The Borrower agrees to expend towards the rehabilitation of the Project (such expenditures to constitute "rehabilitation expenditures" as defined in Section 147(d) of the Code), within two (2) years of the Closing Date, an amount at least equal to fifteen percent (15%) of the proceeds of the portion of the Borrower Loan funded with proceeds of the Tax-Exempt Governmental Lender Notes used to acquire the buildings (and equipment) comprising the Project.

(v) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate.

(w) Notwithstanding the provisions of Section 8.7(f) of the Funding Loan Agreement and Section 5.35 of the Borrower Loan Agreement, unless otherwise waived by an Authorized Governmental Lender Representative in writing, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Tax-Exempt Governmental Lender Notes have been paid in full, determining that either (i) no excess investment earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Tax-Exempt Governmental Lender Notes in the prior five-year period (or, with respect to the final such report following the repayment of the Tax-Exempt Governmental Lender Notes, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen during the prior five-year period (or, with respect to the final such report following the repayment of the Tax-Exempt Governmental Lender Notes, have arisen since the last five-year report), and specifying the amount thereof that needs to be

rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Governmental Lender, each time within one week of its receipt of the same from the independent firm that prepared the respective report.

Section 3. Qualified Residential Rental Project [tc "Section 3. Qualified Residential Rental Project" \1 2]. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed, equipped and operated for the purpose of providing multifamily residential rental property. The Borrower will own, manage and operate the Project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project are and will continue to be similarly constructed units, and each dwelling unit in the Project will contain complete and separate facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis (and the parties hereto specifically acknowledge that a tenant's periodic hosting of one or more guests in such tenant's leased unit is not "transient" for this purpose) or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units in the Project will be available for rental during the Qualified Project Period on a continuous, first-come first-served basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except: (i) units that may be set aside for resident managers or other administrative purposes pursuant to Section 3(g), (ii) to

the extent that dwelling units are required to be leased or rented to Low Income Tenants hereunder, and (iii) as required in connection with any Federal or State tax credits for the Project.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; however, if the Project contains five (5) or more dwelling units, this provision shall not be construed to prohibit occupancy of not more than two dwelling units by a resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Borrower will not sell dwelling units within the Project.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender from enforcing the requirements of the Code, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Code, the Borrower will either prepay the Borrower Loan or, if permitted under the provisions of the Borrower Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

(j) Upon completion of the acquisition and rehabilitation of the Project (but in no event more than five years after the Closing Date), the Borrower shall prepare a written final allocation of the proceeds of the Borrower Loan that have been expended to the Qualified Project Costs and other costs of the Project, which shall include a statement as to whether the Borrower is in compliance with the second sentence of Section 2(g) hereof, and with Sections 2(l), (p), (r) and (u) hereof.

The Governmental Lender hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code.

Section 4. Low Income Tenants; Reporting Requirements [tc "Section 4. Low Income Tenants; Reporting Requirements" \l 2]. Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, no less than 40% of the total number of completed units in the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (a), a vacant unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low

Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

Notwithstanding the foregoing provisions of this Section 4(a), the Borrower shall not be in default under such requirements so long as (i) the Borrower uses its best efforts to comply with such requirements as soon as practicable following the Closing Date, and (ii) any unit in the Project which becomes available for rental following the Closing Date is rented to a Low Income Tenant as necessary to satisfy the requirements of Section 4(a). In no event, however, shall the Borrower fail to comply with the foregoing provisions of this Sections 4(a) of this Regulatory Agreement by September 1, 2015.

(b) No tenant qualifying as a Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the applicable income limit for a Low Income Tenant of the same family size, such Low Income Tenant who has ceased to qualify shall be deemed to continue to be a Low Income Tenant for purposes of the occupancy requirement of Section 4(a) hereof until a new Low Income Tenant occupies the unit, except as limited by Section 7(g) of this Regulatory Agreement.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant. The Borrower will provide such additional information as may be required in the future by the Code, the State, or the Governmental Lender, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be attached to each report to be filed with the Governmental Lender pursuant to paragraph (f) of this Section 4.

(d) The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (i) obtain a pay stub for the most recent pay period, (ii) obtain an income tax return for the most recent tax year, (iii) obtain a credit report or conduct a similar type credit search, (iv) obtain an income verification from the applicant's current employer, (v) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (vi) if the applicant is unemployed and does not have an income tax return, obtain

another form of independent verification reasonably acceptable to the Governmental Lender.

(e) The Borrower will maintain complete and accurate records (including but not limited to tenant lists, applications and waiting lists) pertaining to the Low Income Units, and will permit any duly authorized representative of the Governmental Lender, the Fiscal Agent, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project at reasonable times and upon reasonable notice, including those records pertaining to the occupancy of the Low Income Units. Failure to keep such records or to make them available to the Governmental Lender, the Fiscal Agent, the United States Department of the Treasury or the Internal Revenue Service shall be a default hereunder.

(f) The Borrower will prepare and submit to the Governmental Lender, the Administrator (if other than the Governmental Lender) and the Fiscal Agent, at the end of each calendar quarter until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower. On or before each March 1 during the Qualified Project Period, the Borrower will submit to the Governmental Lender a draft of the completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, which form in any event shall be submitted by the Borrower to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code); provided that at any point when no Tax-Exempt private activity bonds are Outstanding with regards to the Project, but before the end of the Qualified Project Period, the Borrower may submit to the Governmental Lender (in the same manner specified above) such other annual certification as the Governmental Lender may reasonably require.

(g) Upon the written request of the Governmental Lender, the Borrower agrees to provide such information or reports as are necessary, in the reasonable opinion of the Governmental Lender, to enable the Governmental Lender to respond to reporting requirements imposed on the Governmental Lender by the Internal Revenue Service, CDLAC or other authorities having regulatory authority with respect to the Funding Loan or any portion thereof, or the Project.

(h) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Security Instrument. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Fiscal Agent, the Governmental Lender or the Administrator on behalf of the Governmental Lender, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial

obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification such tenant's Adjusted Income exceeds the applicable income limit under Section 4(b), such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase.

Section 5. Tax-Exempt Status{tc "Section 5. Tax-Exempt Status" \1 2}. The Borrower and the Governmental Lender, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Governmental Lender will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Tax-Exempt Governmental Lender Notes and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Governmental Lender and the Fiscal Agent, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Santa Clara, California.

(c) The Borrower and the Governmental Lender will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Governmental Lender Notes.

(d) Use of Proceeds. The Borrower shall assure that use of the net proceeds of the Funding Loan at all times will satisfy the following requirements:

(i) Limitation on Net Proceeds. At least 95% of the net proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes (within the meaning of the Code) actually expended shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental

project” (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is “functionally related and subordinate” thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) Limit on Costs of Funding. The proceeds of the Funding Loan will be expended for the purposes set forth in this Borrower Loan Agreement and in the Funding Loan Agreement, and no portion thereof in excess of two percent of the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Funding.

(iii) Prohibited Facilities. The Borrower shall not use or permit the use of any proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes or any income from the investment thereof, to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) Limitation on Land. Less than 25 percent of the net proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein, nor will any portion of the net proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) Limitation on Existing Facilities. No portion of the net proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) Accuracy of Information. The information furnished by the Borrower and used by the Governmental Lender in preparing its certifications with respect to Section 148 of the Code and the Borrower’s information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of origination of the Funding Loan.

(vii) Limitation of Project Expenditures. The acquisition and rehabilitation of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the adoption of the resolution of the Governmental Lender with respect to the Project on September 9, 2014, and no obligation for which reimbursement will be sought from proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes relating to the acquisition or rehabilitation of the Project was paid or incurred prior to 60 days prior to such date, except for permissible "preliminary expenditures", which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of the rehabilitation or acquisition of the Project.

(viii) Qualified Costs. The Borrower hereby represents, covenants and warrants that the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes shall be used or deemed used exclusively to pay costs which (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code and that for the greatest number of buildings the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes for the purpose of complying with Section 42(h)(4)(B) of the Code; provided however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Funding Lenders nor the Governmental Lender shall have any obligation to enforce this statement nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders or payees of the Funding Loan and the Borrower Note for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or event of default under this Borrower Loan Agreement or the Funding Loan Agreement.

(e) Limitation on Maturity. The Borrower represents that the average maturity of the Tax-Exempt Governmental Lender Notes does not exceed 120 percent of the average reasonably expected remaining economic life of the Project, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the Net Proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date for the Funding Loan or (ii) the date on which such property is placed in service (or expected to be placed in service). In

addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(f) No Arbitrage. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause either of the Tax-Exempt Governmental Lender Notes to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Note relating to the Tax-Exempt Governmental Lender Notes, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Funding Loan, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lenders. The Borrower shall not, at any time prior to the final maturity of the Funding Loan, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes to their respective Maturity Date, except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and Noteholder Representative at all times from and after the Closing Date for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts prior to the Computation Date, annually not later than forty-five days after the anniversary of the Closing Date and subsequent to the Computation Date, not later than forty-five days after the fifth anniversary of the Closing Date and each five years thereafter and agrees that the Borrower will pay all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and Noteholder Representative.

(g) No Federal Guarantee. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Tax-Exempt Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(h) Representations. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross income of the owners thereof of interest on the Tax-Exempt Governmental Lender Notes for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(i) Qualified Residential Rental Project. The Borrower hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Tax-Exempt Governmental Lender Notes remains outstanding, to the end that the interest on the Tax-Exempt Governmental Lender Notes shall be excluded from gross incomes of the owners thereof for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(j) Information Reporting Requirements. The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Tax-Exempt Governmental Lender Notes to be filed with the Internal Revenue Service within prescribed time limits:

(k) Funding Loan Not a Hedge Bond. The Borrower covenants and agrees that not more than 50% of the proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(f)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes will be used to carry out the governmental purposes of the Funding Loan within the three-year period beginning on the Closing Date.

(l) Public Approval. The Borrower covenants and agrees that the proceeds of the Funding Loan will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the portion of the Funding Loan evidenced by the Tax-Exempt Governmental Lender Notes.

Section 6. Additional Requirements of the Act{tc "Section 6. Additional Requirements of the Act" \1 2}. The Borrower hereby further agrees that it shall comply with each of the requirements of Section 52080 of the Act, including (but not limited to) the following:

(a) Not less than 40% of the total number of units in the Project shall be available for occupancy on a priority basis to Low Income Tenants. The units made available to meet this requirement shall be of comparable quality (including comparable amenities, furnishings and appliances) and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The rental payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed 30% of an amount equal to 60% of the median adjusted gross income for the Area.

(c) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

(e) During the three (3) years prior to the expiration of the Qualified Project Period, the Borrower shall continue to make available to eligible households Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and prepayment of all of the Governmental Lender Notes, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection (a) of this Section shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Act), (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Borrower pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

Section 7. Additional Requirements of the Governmental Lender{tc "Section 7. Additional Requirements of the Governmental Lender" \1 2}. In addition to the requirements set

forth above and to the extent not prohibited thereby, the Borrower hereby agrees to comply with each of the requirements of the Governmental Lender set forth in this Section 7, as follows:

(a) The Borrower shall pay or cause to be paid to the Governmental Lender on the Closing Date, the "Initial City Fee" in an amount equal to \$_____ (which represents the sum of one-half of one percent (0.5%) of the first \$10,000,000 of the maximum principal amount of the Funding Loan and one-quarter of one percent (0.25%) of the portion of the maximum principal amount of the Funding Loan in excess of \$10,000,000; and thereafter, without demand or notice, the Borrower shall pay or cause to be paid to the Governmental Lender (or other Administrator designated in writing by the Governmental Lender) an annual monitoring fee (the "Annual City Fee"). The Annual City Fee shall be in an amount equal to \$_____, representing 0.125% of the maximum principal amount of the Funding Loan, payable in equal semiannual installments in advance, on each March 1 and September 1, commencing with the March 1, 2015 payment which shall be paid on the Closing Date; provided, however, that following the Conversion Date (as defined in the Borrower Loan Agreement) such Annual City Fee shall be 0.125% of the principal amount of the Funding Loan not otherwise repaid on or before the Conversion Date, subject to a minimum annual fee of \$7,500.00. Under no circumstances shall the Annual City Fee exceed any limitation under Section 148 of the Code.

The Annual City Fee shall be payable until the end of the Qualified Project Period. In the event that the Funding Loan is repaid in full prior to the termination of this Regulatory Agreement (other than by reason of the issuance of refunding bonds by the Governmental Lender), the Borrower shall pay to the Governmental Lender, if so requested by the Governmental Lender, an amount equal to the remaining Annual City Fees for the duration of the Qualified Project Period, at a present value to the date of payment (using a discount rate equal to the true interest cost of the Governmental Lender Note Series 2014 A-1). Such payment shall be due to the Governmental Lender at such time as the Funding Loan is paid in full.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Governmental Lender, in a reasonable condition for proper audit and subject to examination during business hours upon reasonable advance notice by representatives of the Governmental Lender.

(c) The Borrower shall submit to the Governmental Lender, within fifteen (15) days after receipt of a request therefor, any information, records or completed forms requested by the Governmental Lender in order to comply with reporting requirements of the Internal Revenue Service, the State or CDLAC.

(d) The Borrower shall not discriminate on the basis of race, creed, color, religion, sex, source of income, sexual orientation, gender identity, marital status, national origin, ancestry or handicap in the lease, use or occupancy of the Project or in connection with

the employment or application for employment of persons for the rehabilitation, operation or management of the Project, and will not discriminate on the basis of household size as long as the tenants meet the household size standards of Section 8 of the Housing Act. Further, the Borrower shall not permit occupancy in any unit in the Project by more persons than is permissible under the Section 8 household size standards.

(e) The Borrower acknowledges that the Governmental Lender may appoint an Administrator other than the Governmental Lender to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Governmental Lender to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender.

(f) To the extent permitted by law, the Borrower will make the units reserved pursuant to Section 4(a) and Section 6(a) available on a priority basis to households comprised of persons whom (i) the Governmental Lender has informed the Borrower have been displaced by the Governmental Lender or its political subdivisions from other developments located within the City of San José, California, or (ii) are currently living or working in the City of San José, California or who can demonstrate they previously resided in the City of San José, California. The Borrower shall not discriminate against tenant applicants on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of such tenant's ability to pay the applicable rent for the unit to be occupied (ability to pay shall be demonstrated if the tenant can show that the tenant has paid on time the same percentage or more of the tenant's income for rent as the tenant would be required to pay for the rent applicable to the unit to be occupied); provided that such tenant paid the same percentage or more of such tenant's income for rent as such tenant will be paying under the proposed lease. The Borrower may consider such factors as it deems important when reviewing and approving a tenant's application for occupancy and an existing tenant's continued occupancy.

(g) If a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceeds 140% of the of the applicable income limit for a Low Income Tenant of the same family size, the tenancy of such Low Income Tenant shall, to the extent permitted by law, be terminated as soon as legally possible and the available unit shall within a reasonable time be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant.

(h) Each of the requirements of Sections 3, 4 and 6 hereof is hereby incorporated as a specific requirement of the Governmental Lender, whether or not required by

California or federal law, and shall be in force for the term of this Regulatory Agreement.

(i) In addition, the Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 14-50, adopted on May 21, 2014 (the "CDLAC Conditions"), as such conditions may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to CDLAC, not later than each anniversary of the Closing Date until the end of the Qualified Project Period, or at such other times as required by CDLAC, a Certification of Compliance, in substantially the form attached to the CDLAC Conditions, executed by an authorized representative of the Borrower. The Governmental Lender and the Administrator shall have no obligation under this Agreement to monitor the Borrower's compliance with the CDLAC Conditions.

(j) The Borrower agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be substantially the same condition at all times as the condition it is in at the time of the completion of the rehabilitation of the Project with the proceeds of the Borrower Loan.

(k) The requirements of this Section 7 shall be in effect for the term of this Regulatory Agreement; provided that any of the foregoing requirements of the Governmental Lender may be expressly waived by the Governmental Lender, in its sole discretion (except Section 7(i) above, which may be expressly waived only by CDLAC), in writing, but (i) no waiver by the Governmental Lender of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Tax Counsel to the effect that any such other provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Governmental Lender Notes for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Governmental Lender and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Governmental Lender Notes to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other applicable State or federal law.

(l) The Borrower will pay the Governmental Lender all of the amounts required to be paid by the Borrower to the Governmental Lender by the Borrower Loan Agreement (and that have not otherwise been assigned to the Noteholder Representative under the Funding Loan Agreement), and will indemnify the Governmental Lender and the Fiscal Agent as provided in Section 5.15 of the Borrower Loan Agreement.

Section 8. Modification of Covenants[tc "Section 8. Modification of Covenants" \1 2]. The Borrower, the Fiscal Agent and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, at its sole and absolute discretion, the Fiscal Agent and the Borrower, and only upon receipt by the Governmental Lender of the written opinion of Tax Counsel to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Borrower, the Governmental Lender and, if applicable, the Fiscal Agent, shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Governmental Lender hereby appoints the Fiscal Agent as their true and lawful attorneys-in-fact (jointly or individually) to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved in writing by Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Governmental Lender or the Borrower, the Fiscal Agent shall not take any action under this subsection (c) without first notifying the Borrower or the Governmental Lender, or both of them, as is applicable, and the Noteholder Representative, and without first providing the Borrower or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Fiscal Agent to execute an amendment to this Regulatory Agreement on behalf of the Governmental Lender.

Section 9. Indemnification; Other Payments{tc "Section 9. Indemnification; Other Payments" \1 2}. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Governmental Lender and the Fiscal Agent and their respective Councilmembers, officers, directors, officials, employees and agents as set forth in Section 5.15 of the Borrower Loan Agreement, which Section 5.15 is, by this reference, incorporated herein.

In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Fiscal Agent and/or the Governmental Lender in enforcing the provisions of this Regulatory Agreement.

The provisions of this Section 9 shall survive the term of the Funding Loan, the Borrower Loan and this Regulatory Agreement; provided, however, the provisions of this Section shall, in the case of the Fiscal Agent, survive the term of this Regulatory Agreement or the resignation or removal of the Fiscal Agent, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Fiscal Agent's tenure as Fiscal Agent under the Funding Loan Agreement, and shall, in the case of the Governmental Lender, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

Section 10. Consideration{tc "Section 10. Consideration" \1 2}. The Governmental Lender has agreed to execute and deliver the Governmental Lender Notes to provide funds to lend to the Borrower to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate and operate the Project. In consideration of the delivery of the Governmental Lender Notes by the Governmental Lender, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance{tc "Section 11. Reliance" \1 2}. The Governmental Lender and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Governmental Lender Notes, in the exemption from California personal income taxation of interest on the Governmental Lender Notes and in the Tax-Exempt status of the interest on the Tax-Exempt Governmental Lender Notes. In performing their duties and obligations hereunder, the Governmental Lender, the Administrator and the Fiscal Agent may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Fiscal Agent shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Fiscal Agent by the Borrower or the Governmental Lender with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Sale or Transfer of the Project\{c "Section 12. Sale or Transfer of the Project" \1
2}. For the Qualified Project Period, the Borrower shall not, except as provided below, sell, transfer or otherwise voluntarily dispose of the Project, in whole or in part, without the prior written consent of the Governmental Lender and the Fiscal Agent, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied:

(a) the Governmental Lender and the Fiscal Agent have received evidence, reasonably acceptable to the Governmental Lender and the Fiscal Agent, that (i) the Borrower shall not be in default hereunder or under the Borrower Loan Agreement (which may be evidenced by a Certificate of Continuing Program Compliance) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Governmental Lender; (ii) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (iii) either (A) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (A) above, or (C) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (iv) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of, significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies;

(b) the execution by the purchaser or assignee of any document reasonably requested by the Governmental Lender or the Fiscal Agent with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and, if any of the Governmental Lender Notes is outstanding at the time of transfer, the Borrower Loan Agreement, including without limitation an instrument of assumption hereof and thereof, and delivery to the Governmental Lender of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights;

(c) receipt by the Governmental Lender of an opinion of Tax Counsel to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes; and

(d) receipt by the Governmental Lender and Fiscal Agent of all fees and/or expenses then currently due and payable to the Governmental Lender and Fiscal Agent under any of the Borrower Loan Documents or the Funding Loan Documents.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12, other than pursuant to a foreclosure or deed in lieu of foreclosure following a default under the Borrower Loan Agreement, shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Nothing in this Section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project.

The written consent of the Governmental Lender to any transfer of the Project shall constitute conclusive evidence that the transfer is not in violation of this Section 12. Upon any sale or other transfer that complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project. Except as otherwise provided herein, any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 12, except as provided immediately below.

Interests in the Borrower may not be transferred without the consent of the Governmental Lender, except as follows:

(a) transfers of the respective interests of the Borrower's limited partners to any entity which is either (a) an affiliate of either limited partner or (b) which is controlled by the Investor Limited Partner or any affiliate thereof;

(b) transfers of interests within the Borrower's limited partners;

(c) the pledge and encumbrance of the interests of Borrower's limited partners to or for the benefit of any financial institution which enables the limited partners to make capital contributions to the Borrower; and/or

(d) the removal or withdrawal in lieu of removal of a general partner of Borrower by its administrative limited partner for cause in accordance with Borrower's partnership agreement and the replacement thereof by Borrower's administrative limited partner.

The Borrower acknowledges that a sale or exchange of 50% or more of the capital and profits interests in the Borrower in any twelve-month period will be treated for federal tax purposes as a change in ownership of the Project at the time the 50% transfer occurs. The Borrower further acknowledges that there is a possibility of some or all of the Governmental Lender Notes being reissued at various times before the Funding Loan has been fully repaid, including any in connection with any remarketing of any of the Governmental Lender Notes,

and that a change in ownership of the Project within six months of a reissuance or refinancing of the Tax-Exempt Governmental Lender Notes will cause the interest paid on the reissued or refunding indebtedness not to be excluded from gross income for federal tax purposes.

Restrictions on sale or transfer of the Project or of any interest in the Borrower, consents of the Governmental Lender or the Fiscal Agent, transfer agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to a Funding Lender, to the Noteholder Representative or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan or to any subsequent transfer by a Funding Lender or the Noteholder Representative following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Borrower Loan. No such transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement.

For the Qualified Project Period, the Borrower shall not: (a) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except pursuant or subordinate to the provisions of this Regulatory Agreement and the Security Instrument (including any permitted encumbrances referenced therein), and upon receipt by the Borrower of an opinion of Tax Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes, or except upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement; (b) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (c) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term{tc "Section 13. Term" \I 2}. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the repayment of the Borrower Loan and the Funding Loan.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect (a) in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Governmental Lender and the Fiscal Agent from enforcing such provisions, or condemnation or (b) foreclosure, transfer of title by deed in lieu of foreclosure (whereby a third party shall take possession of the Project), exercise of a power of sale or a similar event; but only if, in the case of either (a) or (b), within a reasonable period, either the Funding Loan is fully paid or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein

shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure, exercise of a power of sale or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure, exercise of a power of sale or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Governmental Lender, the Fiscal Agent and the Borrower, upon receipt by the Governmental Lender and the Fiscal Agent of an opinion of Tax Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Governmental Lender Notes for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land{tc "Section 14. Covenants to Run With the Land" \1 2}. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire without the necessity of further action. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit{tc "Section 15. Burden and Benefit" \1 2}. The Governmental Lender and the Borrower hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Governmental Lender and the Borrower hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Governmental Lender Notes were executed and delivered.

Section 16. Uniformity; Common Plan{tc "Section 16. Uniformity; Common Plan" \1 2}. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. Default; Enforcement to "Section 17. Default; Enforcement" \1 2}. (a) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Governmental Lender or the Fiscal Agent to the Borrower, or for a period of 60 days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Governmental Lender or the Fiscal Agent (as directed by the Governmental Lender, subject to the provisions of the Funding Loan Agreement) acting on its own behalf or on behalf of the Governmental Lender, shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Tax Counsel filed with the Governmental Lender and the Fiscal Agent, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes. The Governmental Lender and the Fiscal Agent shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Notwithstanding anything to the contrary contained herein, Governmental Lender and Fiscal Agent hereby agree that any cure of any default made or tendered by one or more of Borrower's limited partners (including the Investor Limited Partner) shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

(b) Following the declaration of an Event of Default hereunder, the Governmental Lender or the Fiscal Agent, at the direction of the Governmental Lender, subject to the provisions of the Funding Loan Agreement, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Governmental Lender or the Fiscal Agent hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) require the Borrower to pay to the Governmental Lender an amount equal to the excess rent or other amounts received by the Borrower for any units in the Project that were in violation of this Regulatory Agreement during the period such violation continued (which payment shall not reduce the amount due under the Borrower Loan);

(iv) declare a default under the Borrower Loan Agreement and proceed with any remedies provided therein; and

(v) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Governmental Lender may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

(c) The Fiscal Agent shall have the right, in accordance with this Section and the provisions of the Funding Loan Agreement, without the consent or approval of the Governmental Lender, to exercise any or all of the rights or remedies of the Governmental Lender hereunder; provided that prior to taking any such action, that Fiscal Agent shall give the Governmental Lender and the Noteholder Representative written notice of its intended action. The Governmental Lender may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Fiscal Agent. The Fiscal Agent shall not be deemed to have knowledge of any default hereunder unless the Fiscal Agent shall have been specifically notified in writing of such default by the Governmental Lender, the Administrator, the Noteholder Representative or by the owners of at least 25% of the unpaid principal of the then outstanding Governmental Lender Notes.

(d) All fees, costs and expenses of the Fiscal Agent and the Governmental Lender incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

(e) Promptly upon determining that a violation of this Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by written notice, inform the Noteholder Representative that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Governmental Lender nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Borrower Loan, to enforce the Borrower Notes or to foreclose on the Security Instrument. The failure of the Governmental Lender to provide any written notice referred to in this paragraph shall not in any way subject the Governmental Lender to any liability.

(f) Notwithstanding anything contained in this Regulatory Agreement to the contrary:

(i) The occurrence of an event of default under this Regulatory Agreement shall not (A) impair, defeat or render invalid the lien of the Security Instrument or (B) under

any circumstances whatsoever, be or be deemed to be a default under the Borrower Loan Documents, except as may be otherwise specified in the Borrower Loan Documents.

(ii) neither the Governmental Lender nor the Fiscal Agent may, upon the occurrence of an event of default under this Regulatory Agreement, seek, in any manner, to (A) cause or direct acceleration of the Borrower Loan, (B) enforce the Borrower Notes, (C) foreclose on the Security Instrument, (D) cause the Fiscal Agent to prepay the Governmental Lender Notes or to declare the principal of the Governmental Loan Notes and the interest accrued on the Governmental Lender Notes to be immediately due and payable or (E) cause the Fiscal Agent to take any other action under any of the Borrower Loan Documents, any of the Funding Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (A) through (D).

(g) No person other than the Noteholder Representative or a Funding Lender shall have the right to (i) declare the principal balance of the Borrower Notes to be immediately due and payable or (ii) commence foreclosure under the Security Instrument or other like action. The Governmental Lender and the Fiscal Agent acknowledge the foregoing limitations.

The foregoing prohibitions and limitations are not intended to limit the rights of the Governmental Lender or the Fiscal Agent to specifically enforce this Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Act, the Code and other applicable State law. Accordingly, upon any default by the Borrower, the Governmental Lender or the Fiscal Agent may seek specific performance of this Regulatory Agreement or to enjoin acts which may be in violation of this Regulatory Agreement or that otherwise are unlawful, so long as the Borrower Loan has not been repaid in full, no obligation of the Borrower under this Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Borrower, occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement or otherwise, shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent or any other person, and all such obligations shall be, and by this Regulatory Agreement are, subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Borrower Loan Documents. Accordingly, so long as the Borrower Loan has not been repaid in full, neither the Governmental Lender nor the Fiscal Agent shall have the right to enforce any monetary obligation other than directly against the Borrower, without recourse to the Project. In addition, so long as the Borrower Loan has not been repaid in full, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 18. The Fiscal Agent{tc "Section 18. The Fiscal Agent" \12}. The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto. The Fiscal Agent shall have no duty to act with respect to enforcement of the Borrower's performance hereunder as described in Section 17 unless it shall have actual knowledge of any such default as provided in Section 17. The Fiscal Agent may act as the agent of and on behalf of the Governmental Lender, and any act required to be performed by the Governmental Lender as herein provided shall be deemed taken if such act is performed by the Fiscal Agent. In connection with any such performance, the Fiscal Agent is acting solely as Fiscal Agent under the Funding Loan Agreement and not in its individual capacity, and except as expressly provided herein, all provisions of the Funding Loan Agreement relating to the rights, privileges, powers and protections of the Fiscal Agent, including without limitation those set forth in Article XI thereof, shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Fiscal Agent in connection with this Regulatory Agreement. Neither the Fiscal Agent nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct.

The Fiscal Agent shall not be responsible for the monitoring of the Borrower's compliance with the terms of this Regulatory Agreement.

After the date on which the Funding Loan is fully paid, as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any rights, duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Governmental Lender.

Section 19. Recording and Filing{tc "Section 19. Recording and Filing" \12}.

(a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Santa Clara, California, and in such other places as the Governmental Lender or the Fiscal Agent may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower and the Governmental Lender will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Tax Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Fees{tc "Section 20. Payment of Fees" \1 2}. Notwithstanding any prepayment of the Borrower Loan, the Borrower shall continue to pay to the Fiscal Agent reasonable compensation for any services rendered by it hereunder and reimbursement for all expenses reasonably incurred by it in connection therewith, and shall continue to pay (or, to the extent allowed under the Code, shall prepay) the Annual City Fee and related expenses as provided in Section 7(a) and Section 9 of this Regulatory Agreement.

No Funding Lender shall be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project hereunder prior to the date of acquisition of the Project by such Funding Lender, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Loan.

Section 21. Governing Law{tc "Section 21. Governing Law" \1 2}. This Regulatory Agreement shall be governed by the laws of the State, applicable to contracts made and performed in the State.

Section 22. Amendments; Waivers{tc "Section 22. Amendments; Waivers" \1 2}.

(a) Except as provided in Section 8(a) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Santa Clara, California, and only upon receipt by the Governmental Lender of an opinion from Tax Counsel to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes and is not contrary to the provisions of the Act.

(b) Anything to the contrary contained herein notwithstanding, the Governmental Lender, the Fiscal Agent and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Tax Counsel, in order that interest on the Tax-Exempt Governmental Lender Notes remain Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Tax Counsel and a request that Tax Counsel render to the Governmental Lender an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Tax-Exempt Governmental Lender Notes. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices{tc "Section 23. Notices" \1 2}. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each

case at the respective addresses specified in the Funding Loan Agreement or the Borrower Loan Agreement, or at such other addresses as may be specified in writing by the parties hereto.

A copy of each notice sent by or to the Borrower shall also be sent to the Administrator and to the Noteholder Representative at such address as set forth in the Funding Loan Agreement; but such copies shall not constitute a notice to the Borrower, nor shall any failure to send such copies constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Borrower. The Governmental Lender, the Administrator, the Fiscal Agent, the Noteholder Representative, each Funding Lender and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day.

Section 24. Severability{tc "Section 24. Severability" \1 2}. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts{tc "Section 25. Multiple Counterparts" \1 2}. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Limitation on Liability{tc "Section 26. Limitation on Liability" \1 2}. Notwithstanding any other provision or obligation to the contrary contained in this Regulatory Agreement, (a) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Fiscal Agent or the Governmental Lender and their successors and assigns, is limited to the Borrower's interest in the Project, the Pledged Revenues, including the amounts held in the funds and accounts created under the Funding Loan Agreement, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (b) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement, any rights of the Borrower under the Funding Loan

Agreement or any other documents relating to the Governmental Lender Notes or any rights of the Borrower under any guarantees relating to the Project), its partners, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Funding Loan Agreement or any agreement securing the obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 27. Third-Party Beneficiaries{tc "Section 27. Third-Party Beneficiaries" \1 2}. CDLAC, the Noteholder Representative, the Funding Lenders and the Fiscal Agent are intended to be and shall be a third-party beneficiary of this Regulatory Agreement.

CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof; provided that any such action or remedy undertaken by CDLAC shall not materially adversely affect the interests and rights of the Governmental Lender, the Funding Lenders or the Noteholder Representative.

The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of such terms are essential to the security of the Funding Lenders and are entered into for the benefit of various parties, including the Funding Lenders. The Funding Lenders and the Noteholder Representative shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Fiscal Agent, or to cause the Fiscal Agent to enforce, the terms of this Regulatory Agreement.

Section 28. No Limitations on Actions of Governmental Lender in Exercise of Its Governmental Powers{tc "Section 28. No Limitations on Actions of Governmental Lender in Exercise of Its Governmental Powers" \1 2}. Nothing in this Regulatory Agreement is intended, nor shall it be construed, to in any way limit the actions of the Governmental Lender in the exercise of its governmental powers, as contrasted with any contractual rights or powers. It is the express intention of the parties hereto that the Governmental Lender shall retain the full right and ability to exercise its governmental powers with respect to the Borrower, the Project, the Fiscal Agent, the Noteholder Representative or a Funding Lender and the transactions contemplated by this Regulatory Agreement to the same extent as if it were not a party to or a beneficiary of this Regulatory Agreement or the transactions contemplated hereby, and in no event shall the Governmental Lender have any liability in contract arising under this Regulatory Agreement by virtue of any exercise of its governmental powers.

Section 29. Limited Liability of Governmental Lender{ TC " Section 29. Limited Liability of Governmental Lender" \12 }. All obligations of the Governmental Lender hereunder shall be limited obligations, payable solely and only from proceeds of the Funding Loan and other amounts derived by the Governmental Lender from the Borrower Loan or otherwise under the Borrower Loan Agreement.

Section 30. Conflict With Other Affordability Agreements [tc "Section 30. Conflict With Other Affordability Agreements" \1 2]. In the event of any conflict between the provisions of this Regulatory Agreement and any agreement referenced in Section 3(e)(iii) hereof, the provisions providing for the most affordable units, with the most affordability, in the Project shall prevail, so long as at all times the requirements of Section 2, 3, 4, 6 and 7 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e)(iii) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

IN WITNESS WHEREOF, the Governmental Lender, the Fiscal Agent and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

CITY OF SAN JOSE, as Governmental Lender

By: _____
Leslye Corsiglia,
Director, Housing Department

By: _____
Julia Cooper,
Director of Finance

Approved as to form:

By: _____
Patricia Deignan,
Chief Deputy City Attorney

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Fiscal Agent

By: _____
Authorized Representative

EDEN CAMBRIAN, L.P., a California limited
partnership

By: Eden Cambrian LLC, a California limited
liability company, its general partner

By: Catalonia, Inc., a California nonprofit
public benefit corporation, its sole
member/manager

By: _____

Its: _____

[Signature Page to Regulatory Agreement – Cambrian Center]

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2014 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public [Seal]

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2014 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public [Seal]

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2014 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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Signature of Notary Public [Seal]

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2014 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public [Seal]

EXHIBIT A

DESCRIPTION OF REAL PROPERTY RELATING TO THE PROJECT

EXHIBIT B

FORM OF INCOME CERTIFICATION

TENANT INCOME CERTIFICATION

☐

☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____

Move-in Date: _____

(MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Property Name: Cambrian Center County: Santa Clara BIN#: _____
 Address: 2360 Samaritan Place, San Jose, CA Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg.
1		HEAD				
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income

Add totals from (A) through (D), above

TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$

Enter Column (H) Total

Passbook Rate

If over \$5000 \$ _____ X

2.00% = (J) Imputed Income

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

II. HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM
ALL SOURCES:
From item (L) on page 1

\$

RECERTIFICATION ONLY:

Current Income limit x 140%:
\$

Household Income exceeds
140% at recertification:
☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$

Rent Assistance: \$

Utility Allowance \$

Other non-optional charges: \$

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance & other
nonoptional charges)

\$

Unit Meets Rent Restriction at

0 60% 0 50% 0 40% 0 30% 0 ____ %

Maximum Rent Limit for this unit: \$

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?
☐ Yes ☐ No

If yes, Enter student explanation*
(also attach documentation)

Enter 1-5

*Student Explanation:

1. Current TANF assistance
2. Former TANF assistance (foster children only)
3. Job Training Program
4. Single parent / dependent child
5. Married/joint return

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<p>a. Tax Credit <input type="checkbox"/></p> <p>See Part V above.</p>	<p>b. HOME <input type="checkbox"/><input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> ≤ 50% AMGI</p> <p><input type="checkbox"/> ≤ 60% AMGI</p> <p><input type="checkbox"/> ≤ 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>c. Tax Exempt <input type="checkbox"/><input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> 50% AMGI</p> <p><input type="checkbox"/> 60% AMGI</p> <p><input type="checkbox"/> 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>d. AHDP <input type="checkbox"/><input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> 50% AMGI</p> <p><input type="checkbox"/> 80% AMGI</p> <p><input type="checkbox"/> OI**</p>	<p>e.</p> <p><i>(Name of Program)</i></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> OI**</p>
--	---	---	--	--

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Development.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date Enter the date the tenant has or will take occupancy of the unit.

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).

Address Enter the address of the building.

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H - Head of Household	S - Spouse
A - Adult co-tenant	O - Other family member
C - Child	F - Foster child(ren)/adult(s)
L - Live-in caretaker	N - None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.

Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.

Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).

Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.

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DRAFT – Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F) List the type of asset (i.e., checking account, savings account, etc.)

Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).

Column (H) Enter the cash value of the respective asset.

Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (I), Imputed Income.

Row (K) Enter the greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V - Determination Of Income Eligibility

Total Annual Household Income from all Sources Enter the number from item (L).

Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.

Household income at move-in Household size at move-in For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.

Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

**Full time is determined by the school the student attends.*

Part VIII - Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

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DRAFT—Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

TENANT INCOME CERTIFICATION QUESTIONNAIRE	
Name: _____ <input type="checkbox"/> Initial Certification # _____ <input type="checkbox"/> Re-certification <input type="checkbox"/> Other # _____	Telephone Number: _____ _____ _____ BIN Unit

Income Information

YES	NO	Income Information	Monthly Gross Income
<input type="checkbox"/>	<input type="checkbox"/>	I/we am self employed. (List nature of self employment) _____	(use net income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: Name of Employer 1) _____ 2) _____ 3) _____	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives unearned income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am currently receiving child support payments. If yes, from how many persons do you receive support? _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we am/are currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> I/we receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we receive income from real or personal property.	(use net earned income) \$ _____

Asset information

YES	NO		Interest Rate	Cash Value
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a checking account(s). If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a savings account(s) If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a revocable trust(s) If yes, list bank(s) 1) _____	_____%	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we own real estate. If yes, provide description: _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____% _____% _____%	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) _____ 2) _____ 3) _____	_____% _____% _____%	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have a whole life insurance policy. If yes, how many policies _____		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have cash on hand.		\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years. If yes, list items and date disposed: 1) _____ 2) _____		\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I/we have income from assets or sources other than those listed above. If yes, list type below:		

	1) _____	_____ %	\$ _____
	2) _____	_____ %	\$ _____

Student Status

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of persons who are all full-time students (Examples: College/University, trade school, etc.)?
<input type="checkbox"/>	<input type="checkbox"/>	Does your household anticipate becoming a full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to either of the previous two questions are you:
<input type="checkbox"/>	<input type="checkbox"/>	• Receiving assistance under Title IV of the Social Security Act (AFDC/TANF)
<input type="checkbox"/>	<input type="checkbox"/>	• Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program
<input type="checkbox"/>	<input type="checkbox"/>	• Married and filing a joint tax return
<input type="checkbox"/>	<input type="checkbox"/>	• Single parent with a dependant child or children and neither you nor your child(ren) are dependent of another individual

Under penalties of perjury, I certify that the information presented on this form is true and accurate to the best of my/our knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information will result in the denial of application or termination of the lease agreement.

PRINTED NAME OF APPLICANT/TENANT SIGNATURE OF APPLICANT/TENANT DATE

WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)

EXHIBIT C

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this ___ day of _____, 20___, the undersigned, having borrowed certain funds from the CITY OF SAN JOSE, CALIFORNIA (the "Governmental Lender") for the purpose of financing the acquisition and rehabilitation of a multifamily rental housing development (the "Project"), does hereby certify that:

1. During the preceding month (a) the Project was continually in compliance with this Regulatory Agreement executed in connection with such loan from the Governmental Lender, and (ii) ___% of the units in the Project were occupied by Low Income Tenants (minimum of 40%).

Set forth below are the names of Low Income Tenants who commenced or terminated occupancy during the preceding month.

Commenced Occupancy	Terminated Occupancy
1.	1.
2.	2.
3.	3.

Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants who commenced occupancy of units during the preceding month.

2. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement, the Borrower Loan Agreement or the Security Instrument.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Dated: _____

EDEN CAMBRIAN, L.P., a California limited
partnership

By: Eden Cambrian LLC, a California limited
liability company, its general partner

By: Catalonia, Inc., a California nonprofit
public benefit corporation, its sole
member/manager

By: _____

Its: _____

[illegible]

Total Number of Units: _____

Percentage of Low Income Units: _____

Number of Low Income Tenants commencing occupancy this month: _____

EXHIBIT D

COMPLETION CERTIFICATE

Cambrian Center

The undersigned hereby certifies that the rehabilitation of the Project funded with proceeds of the Borrower Loan was substantially completed and all units in the Project were available for occupancy and use by tenants in the Project as of _____.

The undersigned hereby further certifies that:

(1) The aggregate amount disbursed on the Borrower Loan to date is \$_____.

(2) All amounts disbursed on the Borrower Loan have been applied to pay or reimburse the undersigned for the payment of costs of the Project and none of the amounts disbursed on the Borrower Loan have been applied to pay or reimburse any party for the payment of costs or expenses other than costs of the Project.

(3) At least 97 percent of the amounts disbursed on the Borrower Loan attributable to the Tax-Exempt Governmental Lender Notes have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of all such disbursements have been used for the acquisition of land or an interest therein.

(4) The Borrower is in compliance with the provisions of the Regulatory Agreement and Section 5.34 of the Borrower Loan Agreement.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Funding Loan Agreement, dated as of September 1, 2014, among the City of San José, California, Citibank, N.A., as a Funding Lender, Bank of America, N.A., as a Funding Lender, and Wilmington Trust, National Association, as Fiscal Agent, or in the Regulatory Agreement as defined therein.

EDEN CAMBRIAN, L.P., a California limited partnership

By: Eden Cambrian LLC, a California limited liability company, its general partner

By: Catalonia, Inc., a California nonprofit public benefit corporation, its sole member/manager

By: _____

Its: _____

